

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Woodhull	County Shiawassee
Fiscal Year End March 31, 2007	Opinion Date September 14, 2007	Date Audit Report Submitted to State September 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

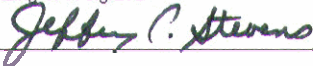
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix A of Bulletin).
10. ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Maner, Costerisan, & Ellis, P.C.		Telephone Number 517-323-7500	
Street Address 544 Cherbourg, Suite 200		City Lansing	State MI
		Zip 48917	
Authorizing CPA Signature 	Printed Name Jeffrey C. Stevens	License Number 1101015823	

TOWNSHIP OF WOODHULL
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED MARCH 31, 2007

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Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

September 14, 2007

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Woodhull as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Woodhull as of March 31, 2007, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

September 14, 2007

The management's discussion and analysis budgetary comparison information on pages vi through xii and 18 through 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Woodhull's basic financial statements. The individual fund financial statements and other additional information presented in pages 27 through 39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and other additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Maner, Costeusan + Ellis, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Township of Woodhull (Township), we offer readers of the Township of Woodhull's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by approximately \$1.8 million dollars (net assets). Of this amount, approximately \$794 thousand (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by approximately \$65 thousand.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of approximately \$855 thousand, an increase of \$128 thousand in comparison with the prior year. Approximately \$788 thousand is available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$691 thousand, or 221 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 17 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 18 through 26 of this report.

Combining and individual fund statements and schedules can be found on pages 27 through 39 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1.8 million at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (53 percent) reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.)

Township of Woodhull's Net Assets

	Governmental activities	
	2007	2006
Current and other assets	\$ 870,781	\$ 747,301
Capital assets	958,492	1,021,426
Total assets	1,829,273	1,768,727
Current liabilities	10,371	15,442
Net assets:		
Invested in capital assets	958,492	1,021,426
Restricted	66,411	66,260
Unrestricted	793,999	665,599
Total net assets	\$ 1,818,902	\$ 1,753,285

An additional portion of the Township's net assets (4 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets (\$794 thousand) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances.

The government's net assets increased by \$65 thousand during the current fiscal year. The majority of this increase represents the degree in which increases in ongoing revenues have outstripped similar increases in ongoing expenditures.

Governmental activities. Governmental activities increased the Township's net assets by approximately \$65 thousand. Key elements of this increase are as follows:

Township of Woodhull's Changes in Net Assets

	Governmental activities	
	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 77,329	\$ 73,942
General revenues:		
Property taxes:		
Levied for general purposes	145,693	149,853
Fire and ambulance levy	118,508	106,180
State sources	262,690	261,723
Cable franchise fee	9,264	8,920
Investment earnings	14,048	7,650
Other		1,825
Total revenues	<u>627,532</u>	<u>610,093</u>
Expenses:		
General government	268,583	189,288
Public safety	149,835	131,281
Public works	36,950	112,839
Health and welfare	67,679	64,575
Community and economic development	4,429	2,985
Cultural and recreational	17,970	33,549
Other functions	16,469	14,777
Total expenses	<u>561,915</u>	<u>549,294</u>
Increase in net assets	65,617	60,799
Net assets, beginning of year	<u>1,753,285</u>	<u>1,692,486</u>
Net assets, end of year	<u><u>\$ 1,818,902</u></u>	<u><u>\$ 1,753,285</u></u>

- Property taxes increased by \$8,168 (3 percent) during the year. The increase in property value offset the decrease in the tax levy.
- Investment income increased by \$6,398 (84 percent) during the year. Most of this increase is due to increased interest earned on deposits
- Charges for service increased by \$3,387 (5 percent) during the year. Most if this increase is due to the special assessment for ambulance service.
- Overall government activities revenue increased \$17,439 from the prior year. The increase in property taxes, investment income, and charges for services contributes to the increase in revenue.
- Expenses for governmental activities went from \$549,294 to \$561,915, an increase of \$12,621 (2.3 percent). Majority of the increase in expenses is due to an property assessment conducted during the year of the township.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$855,000, an increase of \$127,798 in comparison with the prior year. Approximately 89 percent of this total amount (\$758,970) constitutes unreserved fund balance, which is available for spending at the government's.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$691,216, while total fund balance reached \$720,835. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 221 percent of total general fund expenditures, while total fund balance represents 230 percent of that same amount.

The fund balance of the Township's general fund increased by \$123,346 during the current fiscal year. The key factors in this increase is as follows:

- Decrease in road maintenance and repairs expenditures.
- Due to the continued economic downturn the Township departments were very conservative when making purchases. This was also an important factor in limiting the decrease in the general fund net assets.

General Fund Budgetary Highlights

The final amended budget remained unchanged from the original budget, and the individual fluctuations can be summarized as follows:

- \$7,991 increase in general government activities
- \$2,000 increase in public works activities
- \$9,991 decrease in other functions

The main reason for the changes resulted from reallocating expenses across the different governmental activities. During the year, budgetary estimates for expenditures were more than actually incurred. The main reason for this was the increase in spending for general government and public works. In addition, the Township did not have to use any of the budgeted contingency or emergency funds.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of March 31, 2007, amounts to \$958,492 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and office equipment and furniture. The total decrease in the Township's investment in capital assets for the current fiscal year was 6.2% percent.

Major capital asset events during the current fiscal year included the following:

Township of Woodhull's Capital Assets (net of depreciation)

	Governmental activities	
	2007	2006
Land	\$ 30,072	\$ 35,072
Buildings	798,882	830,717
Land and building improvements	105,376	132,057
Machinery and equipment	13,857	15,455
Office equipment and furniture	10,305	8,125
	<u>\$ 958,492</u>	<u>\$ 1,021,426</u>

Additional information on the Township's capital assets can be found in Note 4 on page 14 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Woodhull's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2007 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2007 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

There were no rate increases estimated for fiscal year 2007.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, P.O. Box 166, 7315 West Beard Road, Shaftsbury, Michigan 48882.

BASIC FINANCIAL STATEMENTS

**TOWNSHIP OF WOODHULL
STATEMENT OF NET ASSETS
MARCH 31, 2007**

ASSETS	<u>Governmental activities</u>
CURRENT ASSETS:	
Cash	\$ 603,558
Investments	242,334
Receivables:	
Accounts receivable	19,479
Taxes - current and delinquent	<u>5,410</u>
TOTAL CURRENT ASSETS	870,781
CAPITAL ASSETS:	
Land	30,072
Capital assets, net of accumulated depreciation	<u>928,420</u>
TOTAL CAPTIAL ASSETS	<u>958,492</u>
TOTAL ASSETS	<u>1,829,273</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	1,400
Accrued payroll and related withholding	<u>8,971</u>
TOTAL LIABILITIES	<u>10,371</u>
NET ASSETS:	
Invested in capital assets	958,492
Restricted for perpetual care	66,411
Unrestricted	<u>793,999</u>
TOTAL NET ASSETS	<u><u>\$ 1,818,902</u></u>

**TOWNSHIP OF WOODHULL
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007**

Functions/programs	Expenses	Program revenue	Net (expense) revenue and changes in net assets
		Charges for services	Total
			governmental activities
Primary government:			
Governmental activities:			
General government	\$ 268,583	\$ 9,650	\$ (258,933)
Public safety	149,835		(149,835)
Public works	36,950		(36,950)
Health and welfare	67,679	67,679	
Community and economic development	4,429		(4,429)
Culture and recreational	17,970		(17,970)
Other functions	16,469		(16,469)
Total governmental activities	<u>\$ 561,915</u>	<u>\$ 77,329</u>	<u>(484,586)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purpose			145,693
LSW fire authority			118,508
State revenue sharing			262,690
Investment earnings			14,048
Cable franchise fees			9,264
Total general revenues			<u>550,203</u>
Change in net assets			65,617
Net assets, beginning of year			<u>1,753,285</u>
Net assets, end of year			<u>\$ 1,818,902</u>

See notes to financial statements.

**WOODHULL TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007**

		Special revenue fund	Nonmajor permanent fund	
	General	Township improvement revolving fund	Cemetery perpetual care fund	Total governmental funds
ASSETS				
ASSETS:				
Cash	\$ 436,391	\$ 100,756	\$ 66,411	\$ 603,558
Investments	242,334			242,334
Receivables:				
Accounts receivable	9,265			9,265
Taxes - current and delinquent	5,410			5,410
Due from fiduciary funds	3,216	6,998		10,214
Due from other funds	40,000			40,000
TOTAL ASSETS	\$ 736,616	\$ 107,754	\$ 66,411	\$ 910,781
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,400	\$	\$	\$ 1,400
Accrued payroll and related items	8,971			8,971
Deferred revenue	5,410			5,410
Due to other funds		40,000		40,000
TOTAL LIABILITIES	15,781	40,000		55,781
FUND BALANCES:				
Designated for:				
Parks department	29,619			29,619
Reserved for perpetual care			66,411	66,411
Undesignated	691,216	67,754		758,970
TOTAL FUND BALANCES	720,835	67,754	66,411	855,000
TOTAL LIABILITIES AND FUND BALANCES	\$ 736,616	\$ 107,754	\$ 66,411	\$ 910,781
Total governmental fund balances				\$ 855,000
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:				
Cost of the capital assets			\$ 1,314,662	
Less accumulated depreciation			356,170	
				958,492
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:				
Delinquent personal property taxes receivable, less allowance for doubtful accounts				5,410
Net assets of governmental activities				\$ 1,818,902

WOODHULL TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

		<u>Special revenue funds</u>			<u>Nonmajor Permanent fund</u>	
	<u>General</u>	<u>Township improvement revolving fund</u>	<u>LSW Fire authority millage fund</u>	<u>Ambulance service fund</u>	<u>Cemetery perpetual care fund</u>	<u>Total governmental funds</u>
REVENUES:						
Local sources:						
Property taxes	\$ 144,940	\$	\$ 118,508	\$	\$	\$ 263,448
Licenses and permits	75					75
Charges for services	2,535					2,535
Special assessments	3,890			67,679		71,569
Investment earnings	9,596	4,301			151	14,048
Township hall rental	3,150					3,150
Cable franchise fees	9,264					9,264
	<u>173,450</u>	<u>4,301</u>	<u>118,508</u>	<u>67,679</u>	<u>151</u>	<u>364,089</u>
Total local sources						
	262,690					262,690
State revenue sharing	<u>262,690</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>262,690</u>
Total revenues	<u>436,140</u>	<u>4,301</u>	<u>118,508</u>	<u>67,679</u>	<u>151</u>	<u>626,779</u>

		Special revenue funds			Nonmajor Permanent fund	Total governmental funds
	General	Township improvement revolving fund	LSW Fire authority millage fund	Ambulance service fund	Cemetery perpetual care fund	
EXPENDITURES:						
Current:						
General governmental	\$ 239,643	\$	\$	\$	\$	\$ 239,643
Public safety	1,000		118,508			119,508
Public works	35,477					35,477
Health and welfare				67,679		67,679
Community and economic development	4,429					4,429
Culture and recreational	15,776					15,776
Other functions	16,469					16,469
Total expenditures	312,794		118,508	67,679		498,981
EXCESS OF REVENUES OVER EXPENDITURES	123,346	4,301			151	127,798
FUND BALANCES:						
Beginning of year	597,489	63,453			66,260	727,202
End of year	<u>\$ 720,835</u>	<u>\$ 67,754</u>	<u>\$</u>	<u>\$</u>	<u>\$ 66,411</u>	<u>\$ 855,000</u>

See notes to financial statements.

WOODHULL TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 127,798
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(53,602)
Capital outlay	14,375
Loss on disposal of fixed assets	(23,707)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Accrued revenue beginning of the year - primarily delinquent personal property tax	(4,657)
Accrued revenue end of the year - primarily delinquent personal property tax	<u>5,410</u>
Change in net assets of governmental activities	<u><u>\$ 65,617</u></u>

**TOWNSHIP OF WOODHULL
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
MARCH 31, 2007**

	Current tax collection fund
	<hr/>
ASSETS	
Cash	\$ 10,214
	<hr/> <hr/>
LIABILITIES	
Liabilities:	
Due to general fund	\$ 3,216
Due to special revenue fund	6,998
	<hr/>
	\$ 10,214
	<hr/> <hr/>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Woodhull have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Woodhull include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. Fire protection services are provided through the Laingsburg, Sciota, Woodhull Fire Authority. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, are supported by taxes, special assessments, and intergovernmental revenues.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Concluded)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

The *township improvement revolving fund* is a special revenue fund. It is utilized to account for the Township's funds set aside for future township improvements.

The *LSW fire authority millage fund* is a special revenue fund. It is utilized to account for the Township's fire service tax levy.

The *ambulance service fund* is a special revenue fund. It is utilized to account for the Township's ambulance service special assessment levy.

Additionally, the government reports the following nonmajor fund types:

Permanent fund - The Township utilized the *Cemetery Perpetual Care fund* to account for principal trust amounts received and related interest.

Also, the government reports as fiduciary funds, the tax collection fund (agency fund).

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets

1. Cash and Investments

Cash includes amounts in demand deposits. Short term investments include instruments allowed by state statute subsequently described. Short term investments are amortized cost or fair value

State statutes authorize the Township to invest in bonds, securities and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. Delinquent amounts are ultimately added to the tax roll and become a lien on the property. No allowance for doubtful accounts is considered necessary for the accounts and current taxes receivable. An allowance is recorded related to delinquent personal property taxes amounting to fifty percent of the total.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (usage rights), are reported in the applicable governmental activity column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

D. Assets, Liabilities and Net Assets (Concluded)

4. Capital Assets (Concluded)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building	30
Land and building improvements	15
Office equipment and furniture	5 - 7
Machinery equipment	10

5. Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year, if any, are reported as reservations of fund balance because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular Township Board meeting in April, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. After the annual meeting in March and prior to April 1, the budget is legally enacted through passage of a motion.
4. The Township Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Township Board at various times. Individual amendments were not material in relation to the original appropriation. All annual appropriations lapse at fiscal year-end.
7. Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CASH AND INVESTMENTS

As of March 31, 2007, the Township had no investments as defined by generally accepted accounting principles. The investments reported on the face of the financial statements consist of certificates of deposits.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations. (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2007, \$254,232 of the Township's bank balance of \$843,096 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificate of deposits amounted to \$242,334 and are included in the above totals. The amount on the books is \$856,106.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township had no investments at March 31, 2007.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

The deposits are reported in the financial statements as follows:

Cash - fiduciary fund	\$ 10,214
Cash - township wide	603,558
Investments - township wide (certificates of deposits)	<u>242,334</u>
Total	<u><u>\$ 856,106</u></u>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance April 1, 2006	Additions	Deletions	Balance March 31, 2007
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 35,072	\$	\$ 5,000	\$ 30,072
Capital assets, being depreciated:				
Buildings	932,534		2,079	930,455
Land and building improvements	261,215	5,000	42,910	223,305
Machinery and equipment	102,731	2,395	17,720	87,406
Office equipment and furniture	37,309	6,980	864	43,425
Total capital assets, being depreciated	1,333,789	14,375	63,573	1,284,591
Less accumulated depreciation for:				
Buildings	101,817	30,362	606	131,573
Land and building improvements	129,158	14,787	26,016	117,929
Machinery and equipment	87,276	3,993	17,720	73,549
Office equipment and furniture	29,184	4,460	524	33,120
Total accumulated depreciation	347,435	53,602	44,866	356,171
Total capital assets, being depreciated, net	986,354	(39,227)	18,707	928,420
Total	\$ 1,021,426	\$ (39,227)	\$ 23,707	\$ 958,492

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 26,317
Cultural and recreational	7,194
Public safety	20,091
Total depreciation - governmental activities	\$ 53,602

**TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of March 31, 2007 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General	Special revenue - township improvement revolving fund	<u>\$ 40,000</u>

The outstanding balance between funds result mainly from expenditures paid for by the general fund. The general fund expects to collect the balance in the subsequent year.

NOTE 6 - PROPERTY TAX

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due without penalty prior to February 14. The Township bills and collects its own property taxes and also the taxes for the county, intermediate school district, community college and school districts. School district taxes are also collected and remitted to schools in July, August and September. Any taxes uncollected at September 14 are added to the winter tax roll. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

The Township is permitted by state statute to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Township levied \$.9151 per \$1,000 of assessed valuation for general government services.

Also the Township levied \$.9876 to provide fire, emergency services, including maintaining and operating a fire department, fire hall and related equipment.

NOTE 7 - PENSION PLAN

The Township of Woodhull has a Group Pension Plan which was established on May 1, 1984. This defined contribution plan covers only the board members of the Township. Vesting occurs upon entry into the plan. The contribution rate is set within the plan to increase at each \$1,000 increment of wages paid. The Township contributes 75% of the calculated annual contribution, with the employee contributing 25%. An employee may contribute an additional amount up to 50% of compensation. Total payroll expense for 2007 and 2006 were \$93,041 and \$89,590, respectively. The amount of payroll covered under the plan and corresponding pension costs for 2007 and 2006 amounted to \$52,200 and \$52,040, respectively. The pension expense for 2007 and 2006 were \$9,422 and \$8,014, respectively.

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RELATED-PARTY TRANSACTIONS

As described in Note 1, Woodhull Township participates in a joint fire operation with the City of Laingsburg and Sciota Township. Fire Department operations are the responsibility of the Fire Authority. Transactions between the Fire Authority and Woodhull Township consist mainly of millage transfers for Woodhull Township's share of fire department operations. Total payments to the Fire Authority amounted to \$118,508 and \$106,180 in 2007 and 2006, respectively, and are recorded in a special revenue fund.

NOTE 9 - JOINT VENTURE

Under authorization of State of Michigan statutes, Woodhull Township joined the City of Laingsburg and the Township of Sciota to form the Laingsburg, Sciota and Woodhull Fire Authority which provides fire protection services, emergency medical services and other emergency or safety services. Each governmental unit provides one member to the Board of Directors of the Fire Authority. The operating and capital budgets are funded by contributions from each government based on their respective tax valuations as they bear to total tax valuations.

Audited financial statements of the Fire Authority may be obtained from the Laingsburg, Scioto, Woodhull Fire Authority, 114 Woodhull Street, P.O. Box 96, Laingsburg, Michigan 48848. Condensed financial information of the Fire Authority as of March 31, 2007 is as follows:

Current assets	\$ 523,712
Non-current assets	<u>1,027,181</u>
Total assets	<u>\$ 1,550,893</u>
Liabilities	\$ 76,704
Fund equity	<u>1,474,189</u>
Total liabilities and fund equity	<u>\$ 1,550,893</u>
Expenses	<u>\$ 450,045</u>
Revenues:	
Charges for services	168,272
Operating grants - contributions	93,081
General revenues	<u>353,634</u>
Total revenues	<u>614,987</u>
Change in net assets	<u>\$ 164,942</u>

TOWNSHIP OF WOODHULL
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage for the year ended March 31, 2007 or any of the prior three years.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
REVENUES:				
Taxes:				
Real property taxes	\$ 113,000	\$ 113,000	\$ 97,699	\$ (15,301)
Trailer park fees	600	600	664	64
Property tax administration fee	36,000	36,000	46,577	10,577
Licenses and permits	75	75	75	
Charges for services	3,700	3,700	2,535	(1,165)
Special assessments	5,500	5,500	3,890	(1,610)
Investment earnings	10,500	10,500	9,596	(904)
Township hall rental	3,500	3,500	3,150	(350)
Cable franchise fees	8,900	8,900	9,264	364
State revenue sharing	262,000	262,000	262,690	690
	<u>443,775</u>	<u>443,775</u>	<u>436,140</u>	<u>(7,635)</u>
Total revenues				
EXPENDITURES:				
Current:				
General government:				
Township board:				
Salaries	8,000	8,000	2,800	5,200
Postage	1,100	1,100	781	319
Memberships and dues	2,300	2,300	2,228	72
Transportation	300	300	102	198
Printing and publishing	1,500	1,500	1,016	484
Rentals	150	150	105	45
Education	200	200		200
Contributions	1,000	1,000	1,000	
Miscellaneous	10,000	15,955	15,956	(1)
	<u>24,550</u>	<u>30,505</u>	<u>23,988</u>	<u>6,517</u>
Total township board				

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007**

	Original budget	Final budget	Actual	Variance with final budget- positive (negative)
EXPENDITURES (Continued):				
Current:				
General government:				
Township supervisor:				
Salaries - elected	\$ 15,800	\$ 15,800	\$ 15,800	\$
Salaries - hourly	500	500		500
Office supplies	600	700	680	20
Postage	225	125	26	99
Transportation	500	260	226	34
Repairs and maintenance	100	100		100
Miscellaneous	275	275	183	92
Education	300	154	70	84
Capital outlay	100	100		100
Total township supervisor	18,400	18,014	16,985	1,029
Elections:				
Salaries	4,000	4,000	1,764	2,236
Transportation	500	500		500
Printing and publishing	200	200	74	126
Miscellaneous	600	600	509	91
Capital outlay	100	100		100
Total elections	5,400	5,400	2,347	3,053
Attorney	2,500	2,500		2,500
Auditor	10,000	10,000	9,600	400
Assessors:				
Salaries	20,600	20,600	20,600	
Contracted services	38,000	38,000	38,000	
Postage	1,200	1,065	786	279
Operating supplies	1,200	1,335	668	667
Capital outlay	3,000	3,000	2,395	605
Total assessors	64,000	64,000	62,449	1,551

TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Continued):				
Current:				
General government:				
Clerk:				
Salaries - elected	\$ 16,200	\$ 16,200	\$ 16,200	\$
Salaries - hourly	2,500	2,500	1,958	542
Office supplies	500	796	795	1
Postage	1,200	1,200	786	414
Transportation	350	435	399	36
Printing and publishing	300	300	70	230
Repairs and maintenance	2,000	1,869	1,467	402
Miscellaneous	50	50	32	18
Education	400	150		150
Capital outlay	2,000	2,000		2,000
Total clerk	<u>25,500</u>	<u>25,500</u>	<u>21,707</u>	<u>3,793</u>
Board of review:				
Salary	800	1,040	626	414
Transportation	150	65	56	9
Printing and publishing	120	120	56	64
Miscellaneous	130	366	226	140
Education	225	210	210	
Total board of review	<u>1,425</u>	<u>1,801</u>	<u>1,174</u>	<u>627</u>
Treasurer:				
Salaries - elected	17,400	17,400	17,400	
Salaries - hourly	5,000	5,000	4,877	123
Office supplies	1,000	1,239	1,238	1
Postage	2,800	2,430	1,947	483
Transportation	500	510	309	201
Printing and publishing	5,200	6,541	6,541	
Repairs and maintenance	1,000			
Miscellaneous	100			
Education	500	390	390	
Capital outlay	1,000	1,000	550	450
Total treasurer	<u>34,500</u>	<u>34,510</u>	<u>33,252</u>	<u>1,258</u>

TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Continued):				
Current:				
General government:				
Township hall and grounds:				
Salaries	\$ 8,000	\$ 8,000	\$ 6,635	\$ 1,365
Operating supplies	1,000	1,000	882	118
Telephone	5,000	5,000	3,393	1,607
Insurance and bonds	16,000	16,000	14,728	1,272
Public utilities	6,500	6,500	6,026	474
Repairs and maintenance	10,000	10,000	2,960	7,040
Capital outlay	5,000	7,036	7,036	
Total township hall and grounds	51,500	53,536	41,660	11,876
Cemetery:				
Contractual services	18,000	18,000	15,916	2,084
Public utilities	150	150	119	31
Repairs and maintenance	2,500	2,710	2,656	54
Miscellaneous	100	100		100
Capital outlay	10,000	9,790	7,790	2,000
Total cemetery	30,750	30,750	26,481	4,269
Total general government	268,525	276,516	239,643	36,873
Public safety:				
Firehall:				
Miscellaneous	1,000	1,000	1,000	
Public works:				
Highways, streets and bridges:				
Road maintenance, materials and supplies	91,055	91,055	22,518	68,537
Street lighting	12,000	14,000	12,959	1,041
Total public works	103,055	105,055	35,477	69,578

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Continued):				
Current:				
Community and economic development:				
Planning commission:				
Salaries	\$ 4,785	\$ 4,785	\$ 2,880	\$ 1,905
Office supplies	125	125		125
Transportation	200	200	179	21
Printing and publishing	300	300		300
Education	1,000	1,000	770	230
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>600</u>	<u>4,400</u>
 Total community and economic development	 <u>11,410</u>	 <u>11,410</u>	 <u>4,429</u>	 <u>6,981</u>
 Cultural and recreational:				
Recreation/parks department:				
Salaries	4,000	4,000	3,195	805
Contract mowing	7,500	7,500	6,348	1,152
Printing and publishing	35	35		35
Repairs and maintenance	1,000	850	832	18
Miscellaneous	250	200	201	(1)
Capital outlay	<u>5,000</u>	<u>5,200</u>	<u>5,200</u>	
 Total cultural and recreational	 <u>17,785</u>	 <u>17,785</u>	 <u>15,776</u>	 <u>2,009</u>

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2007**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
EXPENDITURES (Concluded):				
Other functions:				
Retirement - local unit share	\$ 16,000	\$ 16,000	\$ 9,422	\$ 6,578
Social security - local unit share	10,000	10,000	7,047	2,953
Contingency	15,000	5,009		5,009
Emergency	1,000	1,000		1,000
	<u>42,000</u>	<u>32,009</u>	<u>16,469</u>	<u>15,540</u>
Total other functions				
	<u>443,775</u>	<u>443,775</u>	<u>312,794</u>	<u>130,981</u>
Total expenditures				
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$</u>	<u>\$</u>	123,346	<u>\$ 123,346</u>
FUND BALANCE:				
Beginning of year			<u>597,489</u>	
End of year			<u>\$ 720,835</u>	

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TOWNSHIP IMPROVEMENT REVOLVING FUND
SPECIAL REVENUE FUND
YEAR ENDED MARCH 31, 2007**

	Original/ final budget	Actual	Variance final budget- positive (negative)
REVENUES:			
Investment earnings	<u>\$ 171</u>	<u>\$ 4,301</u>	<u>\$ 4,130</u>
FUND BALANCE:			
Beginning of year		<u>63,453</u>	
End of year		<u>\$ 67,754</u>	

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LSW FIRE AUTHORITY MILLAGE FUND
SPECIAL REVENUE FUND
YEAR ENDED MARCH 31, 2007**

	Original/ final budget	Actual	Variance final budget- positive (negative)
REVENUES:			
Fire millage	\$ 119,975	\$ 118,508	\$ (1,467)
EXPENDITURES:			
Public safety:			
Fire operations	<u>119,975</u>	<u>118,508</u>	<u>1,467</u>
EXCESS OF REVENUES AND EXPENDITURES	<u><u>\$</u></u>		<u><u>\$</u></u>
FUND BALANCE:			
Beginning of year		<u> </u>	
End of year		<u><u>\$</u></u>	

**TOWNSHIP OF WOODHULL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
AMBULANCE SERVICE FUND
SPECIAL REVENUE FUND
YEAR ENDED MARCH 31, 2007**

	Original/ final budget	Actual	Variance final budget- positive (negative)
REVENUES:			
Special assessment	\$ 69,435	\$ 67,679	\$ (1,756)
EXPENDITURES:			
Health and welfare:			
Ambulance operations	<u>69,435</u>	<u>67,679</u>	<u>1,756</u>
EXCESS OF REVENUES AND EXPENDITURES	<u><u>\$</u></u>		<u><u>\$</u></u>
FUND BALANCE:			
Beginning of year		<u> </u>	
End of year		<u><u>\$</u></u>	

ADDITIONAL INFORMATION

**TOWNSHIP OF WOODHULL
GENERAL FUND
BALANCE SHEETS
MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
ASSETS:		
Cash	\$ 436,391	\$ 320,408
Investments	242,334	234,289
Receivables:		
Accounts receivable	9,265	8,919
Taxes - current and delinquent	5,410	9,315
Due from fiduciary fund	3,216	
Due from other funds	<u>40,000</u>	<u>40,000</u>
TOTAL ASSETS	<u><u>\$ 736,616</u></u>	<u><u>\$ 612,931</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 1,400	\$ 3,760
Accrued payroll and related items	8,971	7,861
Deferred revenue	5,410	
Due to other funds	<u></u>	<u>3,821</u>
TOTAL LIABILITIES	<u>15,781</u>	<u>15,442</u>
FUND BALANCE:		
Designated for:		
Parks department	29,619	29,619
Undesignated	<u>691,216</u>	<u>567,870</u>
TOTAL FUND BALANCE	<u>720,835</u>	<u>597,489</u>
Total liabilities and fund balance	<u><u>\$ 736,616</u></u>	<u><u>\$ 612,931</u></u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES:		
Taxes:		
Real property taxes	\$ 97,699	\$ 113,155
Trailer park fees	664	662
Property tax administration fee	46,577	35,408
Licenses and permits	75	725
Charges for services	2,535	2,072
Special assessments	3,890	4,445
Investment earnings	9,596	7,004
Township hall rental	3,150	2,125
Cable franchise fees	9,264	8,920
State revenue sharing	<u>262,690</u>	<u>261,723</u>
Total revenue	<u>436,140</u>	<u>436,239</u>
EXPENDITURES:		
Current:		
General government:		
Township board:		
Salaries	2,800	4,640
Postage	781	750
Memberships and dues	2,228	2,161
Transportation	102	124
Printing and publishing	1,016	1,076
Rentals	105	101
Contributions	1,000	1,000
Miscellaneous	<u>15,956</u>	<u>7,054</u>
Total township board	<u>23,988</u>	<u>16,906</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
EXPENDITURES (Continued):		
Current:		
General government:		
Township supervisor:		
Salaries - elected	\$ 15,800	\$ 15,000
Office supplies	680	526
Postage	26	28
Transportation	226	122
Miscellaneous	183	169
Education	70	90
	<u>16,985</u>	<u>15,935</u>
Total township supervisor		
	<u>16,985</u>	<u>15,935</u>
Elections:		
Salaries	1,764	
Printing and publishing	74	
Miscellaneous	509	
	<u>2,347</u>	
Total elections		
	<u>2,347</u>	
Attorney		821
		<u>821</u>
Auditor	9,600	11,900
	<u>9,600</u>	<u>11,900</u>
Assessing:		
Salaries	20,600	18,800
Contracted services	38,000	
Postage	786	725
Operating supplies	668	
Capital outlay	2,395	
	<u>62,449</u>	<u>19,525</u>
Total assessing		
	<u>62,449</u>	<u>19,525</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
EXPENDITURES (Continued):		
Current:		
General government:		
Clerk:		
Salaries - elected	\$ 16,200	\$ 15,500
Salaries - hourly	1,958	2,012
Supplies	795	572
Postage	786	12
Transportation	399	175
Printing and publishing	70	6
Repairs and maintenance	1,467	1,467
Miscellaneous	32	67
Education		25
Capital outlay		1,860
	<u>21,707</u>	<u>21,696</u>
Total clerk		
	<u>21,707</u>	<u>21,696</u>
Board of review:		
Salary	626	437
Transportation	56	15
Printing and publishing	56	36
Miscellaneous	226	117
Education	210	75
	<u>1,174</u>	<u>680</u>
Total board of review		
	<u>1,174</u>	<u>680</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
EXPENDITURES (Continued):		
Current:		
General government:		
Treasurer:		
Salaries - elected	\$ 17,400	\$ 16,900
Salaries - hourly	4,877	4,604
Office supplies	1,238	694
Postage	1,947	2,503
Transportation	309	366
Printing and publishing	6,541	2,555
Education	390	
Capital outlay	550	4,485
	<u>33,252</u>	<u>32,107</u>
Total treasurer		
	<u>33,252</u>	<u>32,107</u>
Township hall and grounds:		
Salaries	6,635	6,658
Operating supplies	882	644
Telephone	3,393	3,772
Insurance and bonds	14,728	14,898
Public utilities	6,026	5,669
Repairs and maintenance	2,960	6,905
Capital outlay	7,036	2,930
	<u>41,660</u>	<u>41,476</u>
Total township hall and grounds		
	<u>41,660</u>	<u>41,476</u>
Cemetery:		
Contractual services	15,916	15,129
Public utilities	119	98
Repairs and maintenance	2,656	3,515
Capital outlay	7,790	17,338
	<u>26,481</u>	<u>36,080</u>
Total cemetery		
	<u>26,481</u>	<u>36,080</u>
Total general government	<u>239,643</u>	<u>197,126</u>

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
EXPENDITURES (Continued):		
Current:		
Public safety:		
Firehall:		
Miscellaneous	\$ 1,000	\$ 62
Capital outlay		17,677
	<u>1,000</u>	<u>17,739</u>
Total public safety		
Public works:		
Highways, streets and bridges:		
Road maintenance, materials and supplies	22,518	102,881
Street lighting	12,959	9,958
	<u>35,477</u>	<u>112,839</u>
Total public works		
Community and economic development:		
Planning commission:		
Salaries	2,880	2,360
Operating supplies		25
Transportation	179	
Education	770	
Capital outlay	600	600
	<u>4,429</u>	<u>2,985</u>
Total community and economic development		
Recreation and cultural:		
Recreation/parks department:		
Salaries	3,195	2,600
Contract mowing	6,348	6,135
Repairs and maintenance	832	742
Miscellaneous	201	179
Capital outlay	5,200	19,192
	<u>15,776</u>	<u>28,848</u>
Total recreation and cultural		

**TOWNSHIP OF WOODHULL
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
EXPENDITURES (Concluded):		
Current:		
Other functions:		
Retirement - local unit share	\$ 9,422	\$ 8,014
Social security - local unit share	<u>7,047</u>	<u>6,763</u>
Total other functions	<u>16,469</u>	<u>14,777</u>
Total expenditures	<u>312,794</u>	<u>374,314</u>
Net change in fund balance	123,346	61,925
FUND BALANCE:		
Beginning of year	<u>597,489</u>	<u>535,564</u>
End of year	<u><u>\$ 720,835</u></u>	<u><u>\$ 597,489</u></u>

**TOWNSHIP OF WOODHULL
TOWNSHIP IMPROVEMENT REVOLVING FUND
SPECIAL REVENUE FUND
BALANCE SHEETS
MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 100,756	\$ 96,455
Due from other funds	<u>6,998</u>	<u>6,998</u>
	<u><u>\$ 107,754</u></u>	<u><u>\$ 103,453</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to general fund	\$ 40,000	\$ 40,000
Fund balance - undesignated	<u>67,754</u>	<u>63,453</u>
	<u><u>\$ 107,754</u></u>	<u><u>\$ 103,453</u></u>

**TOWNSHIP OF WOODHULL
TOWNSHIP IMPROVEMENT REVOLVING FUND
SPECIAL REVENUE FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES:		
Investment earnings	\$ 4,301	\$ 397
FUND BALANCE, beginning of year	<u>63,453</u>	<u>63,056</u>
FUND BALANCE, end of year	<u><u>\$ 67,754</u></u>	<u><u>\$ 63,453</u></u>

**TOWNSHIP OF WOODHULL
LSW FIRE AUTHORITY MILLAGE FUND
SPECIAL REVENUE FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES:		
Fire millage	\$ 118,508	\$ 106,180
EXPENDITURES:		
Public safety:		
Fire operations	<u>118,508</u>	<u>106,180</u>
EXCESS OF REVENUES AND EXPENDITURES		
FUND BALANCE, beginning of year	<u> </u>	<u> </u>
FUND BALANCE, end of year	<u><u>\$</u></u>	<u><u>\$</u></u>

**TOWNSHIP OF WOODHULL
AMBULANCE SERVICE FUND
SPECIAL REVENUE FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED MARCH 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES:		
Special assessment	\$ 67,679	\$ 64,575
EXPENDITURES:		
Health and welfare:		
Ambulance operations	<u>67,679</u>	<u>64,575</u>
EXCESS OF REVENUES AND EXPENDITURES		
FUND BALANCE, beginning of year	<u> </u>	<u> </u>
FUND BALANCE, end of year	<u><u>\$ </u></u>	<u><u>\$ </u></u>

TOWNSHIP OF WOODHULL
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2007

TOTAL ALL AGENCY FUNDS	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
ASSETS				
Cash	\$ 11,282	\$ 3,383,287	\$ 3,384,355	\$ 10,214
Due from general fund	3,821	8,040	11,861	
	<u>\$ 15,103</u>	<u>\$ 3,391,327</u>	<u>\$ 3,396,216</u>	<u>\$ 10,214</u>
LIABILITIES				
Due to general fund	\$ 34	\$ 153,423	\$ 150,241	\$ 3,216
Due to special assessment fund	6,998			6,998
Due to LSW fire authority		186,187	186,187	
Due to county	7,291	1,521,428	1,528,719	
Due to intermediate school district	773	448,273	449,046	
Due to community college		24,896	24,896	
Due to schools		1,057,120	1,057,120	
Due to others	7		7	
	<u>\$ 15,103</u>	<u>\$ 3,391,327</u>	<u>\$ 3,396,216</u>	<u>\$ 10,214</u>

TOWNSHIP OF WOODHULL
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED MARCH 31, 2007

CURRENT TAX COLLECTION FUND	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
ASSETS				
Cash	\$ 11,248	\$ 3,379,609	\$ 3,380,677	\$ 10,180
Due from general fund	3,821	8,040	11,861	
	<u>\$ 15,069</u>	<u>\$ 3,387,649</u>	<u>\$ 3,392,538</u>	<u>\$ 10,180</u>
LIABILITIES				
Due to general fund	\$	\$ 152,759	\$ 149,577	\$ 3,182
Due to special assessment fund	6,998			6,998
Due to LSW fire authority		186,187	186,187	
Due to county	7,291	1,520,764	1,528,055	
Due to intermediate school districts	773	448,273	449,046	
Due to community college		24,896	24,896	
Due to schools		1,054,770	1,054,770	
Due to others	7		7	
	<u>\$ 15,069</u>	<u>\$ 3,387,649</u>	<u>\$ 3,392,538</u>	<u>\$ 10,180</u>
TRAILER TAX COLLECTION FUND				
ASSETS				
Cash	<u>\$ 34</u>	<u>\$ 3,678</u>	<u>\$ 3,678</u>	<u>\$ 34</u>
LIABILITIES				
Due to general fund	\$ 34	\$ 664	\$ 664	\$ 34
Due to county		664	664	
Due to schools		2,350	2,350	
	<u>\$ 34</u>	<u>\$ 3,678</u>	<u>\$ 3,678</u>	<u>\$ 34</u>



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Floyd L. Costerisan
Leon A. Ellis (1933-1988)

September 14, 2007

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

In planning and performing our audit of the financial statements of Township of Woodhull for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Financial Statements

Effective for the year ended March 31, 2007, Statement on Auditing Standards #112 titled Communicating Internal Control Related Matters Identified in an Audit (issued May 2006), requires us to communicate in writing when a client requires assistance to prepare the footnotes required in the annual audit report in accordance with accounting principles generally accepted in the United States of America. The staff of the Township does understand all information included in the annual financial statement; however, we assist in preparing the footnotes to the annual financial statements. We do not recommend any changes to this situation at this time and communicate this as required by professional standards.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that we presented for your consideration. This letter does not affect our report dated September 14, 2007 on the financial statements of Township of Woodhull. Our comments are summarized as follows:

Review Bank Statements (Repeat Comment)

At present, the Treasurer receives funds, makes an initial listing of the funds received, records the activity, and prepares the bank reconciliations. In order to enhance the system of internal controls, we recommend someone independent of the accounting function prepare the initial listing of funds received and, after the funds are deposited, compares the initial listing to the bank deposit slip. In addition, someone independent of the accounting and bank reconciliation process should open the bank statements and review them for any unusual checks or other transactions before giving them to accounting to perform the reconciliation.

An independent review of the bank statement will ensure that unusual items are investigated on a timely basis. While performing this review, the reviewer should review the prior month's bank reconciliation and account for the numerical check sequence each month and from month to month.

Accounting and Procedures Manual

Currently there is no accounting and procedures manual. The Township should develop a procedure manual to assist in recording of transactions. A manual will ensure that in a case of employee turnover the operations and procedures in recording transactions remain consistent.

Chart of Accounts

During the audit, we noticed that a few of the account numbers vary from the state mandated account structure. We recommend that the Township review the mandated structure and adjust their account code accordingly.

Township Supervisor and
Members of the Township Board
Township of Woodhull
Shiawassee County, Michigan

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September 14, 2007

We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

This report is intended solely for the information and use of Township of Woodhull, management, and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours

Maner, Costeusan + Ellis, P.C.



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September 14, 2007

To the Audit Committee
Township of Woodhull
Shaftsbury, Michigan

We have audited the financial statements of the Township of Woodhull for the year ended March 31, 2006 and have issued our report thereon dated September 14, 2007. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under Generally Accepted Auditing Standards in the United State of America

As stated in our engagement letter dated May 21, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Woodhull. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Woodhull are described in Note 1 to the financial statements. There where no new accounting policies were adopted and the application of existing policies was not changed during 2006/2007. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were estimated fixed assets lives for depreciation and the allocation of expenses among various funds.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Woodhull's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Woodhull either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Woodhull's financial reporting process.

Net gain prior to year-end adjustments	\$ 109,725
Reverse prior year and record current year accounts receivable	345
Reverse prior year and record current year accounts payable	2,359
Reverse prior year and record current year accrued payroll	(1,097)
Adjust interest income	9,046
Adjust property taxes	(9,315)
Adjust pension expense	5,244
Adjust due from tax fund	7,002
Other	<u>37</u>
Net gain after year-end adjustments	<u><u>\$ 123,346</u></u>

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Woodhull's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Audit Committee and management of the Township of Woodhull and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Maner, Costeusan + Ellis, P.C.